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REVIEW OF FUNDING FOR 1973-74 OF
ALCOHOLISM TREATMENT PROGRAMS
IN CALIFORNIA

MAY 1974

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May 9, 1974

The Honorable President of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members:

Transmitted herewith is the Auditor General's report pertaining to the review of the funding of the state's alcoholism treatment programs for fiscal year 1973-74. The review, which included field work in Los Angeles, San Francisco, Santa Clara, and San Joaquin counties, concerned treatment services provided to alleviate alcoholism addiction.

Of the \$24 million of state general funds appropriated for the alcoholism treatment programs in fiscal year 1973-74 to the Department of Health, it is estimated that only \$13 million will be expended for such programs with the remainder of \$11 million to be expended for nonalcohol-related mental health programs. The Department of Health combined the \$24 million appropriation for alcoholism with the other funds appropriated by the Legislature for mental health services and then allocated these funds to counties, state hospitals, and to the Office of Alcohol Program Management (OAPM).

OAPM has 48 employees and is in the state's Health and Welfare Agency. While OAPM has direct responsibility for the administration of alcoholism treatment programs, the monies appropriated by the Legislature for these programs are appropriated to the Department of Health and not to OAPM.

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of California

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The Auditor General recognizes the importance of the mental health programs but has recommended that funds specifically appropriated by the Legislature for alcoholism treatment programs should be expended for that purpose and not for other mental health programs. Further, in order to strengthen the controls for ensuring that all such monies appropriated for alcoholism treatment programs will be expended for such purposes, the Auditor General has recommended that such appropriations be made directly to OAPM rather than to the Department of Health.

Due to inadequate reporting procedures, the Department of Health does not know how much each county needs or is spending on alcoholism treatment programs. The 1973-74 alcoholism treatment programs funds were, therefore, allocated to counties on a basis inconsistent with services provided in the counties.

There is no relationship between the amount of state funds allocated to the counties and the amount which the counties expend to treat alcoholism.

While OAPM is currently conducting reviews of the alcoholism treatment services available within counties, the reports prepared do not identify or evaluate the costs of the services provided.

The Auditor General has recommended that OAPM, in conjunction with the counties, develop and implement reporting procedures which will identify actual alcoholism treatment programs and services, the need for these programs, and their costs.

Alcoholism funds are being expended substantially for the treatment of chronic alcoholism with only limited funds being used for the early identification and prevention of alcoholism. It is estimated that of the \$18.1 million of state, county, and other monies expended in Los Angeles, San Francisco, Santa Clara, and San Joaquin counties for alcoholism treatment programs in 1973-74, approximately \$16.9 million will be expended for the treatment of chronic alcoholism and only \$1.2 million for the early identification and prevention of alcoholism.

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The Auditor General concludes that greater benefits from alcoholism programs can be obtained from increased expenditures on early identification of alcoholics and on prevention of alcoholism and has, therefore, recommended that OAPM place funding emphasis in these areas at the county level.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Vincent Thomas", written in a cursive style.

VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

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FINDING

OF THE \$24 MILLION APPROPRIATED FOR THE ALCOHOLISM TREATMENT PROGRAMS IN FISCAL YEAR 1973-74, IT IS ESTIMATED THAT ONLY \$13 MILLION WILL BE EXPENDED FOR SUCH PROGRAMS.

6

RECOMMENDATION

We recommend that all appropriations for alcoholism treatment programs be expended for the treatment of alcoholics and that these appropriations be made directly to the Office of Alcohol Program Management.

8

BENEFITS:

The implementation of this recommendation will strengthen the controls for ensuring that all monies appropriated for alcoholism treatment programs will be expended for such programs.

8

FINDING

DUE TO INADEQUATE REPORTING PROCEDURES, THE DEPARTMENT OF HEALTH DOES NOT KNOW HOW MUCH EACH COUNTY NEEDS OR IS SPENDING ON ALCOHOLISM TREATMENT PROGRAMS. THE 1973-74 ALCOHOLISM TREATMENT PROGRAM FUNDS WERE THEREFORE ALLOCATED TO COUNTIES ON A BASIS INCONSISTENT WITH SERVICES PROVIDED IN THE COUNTIES.

9

RECOMMENDATION

We recommend that the Office of Alcohol Program Management, in conjunction with the counties, develop and implement reporting procedures which will identify actual alcoholism treatment programs and services, the need for these programs, and their costs.

11

BENEFITS

The implementation of this recommendation will provide a sound basis for allocating the funds to alcohol programs and will provide a basis for identifying and measuring the success of the program.

11

FINDING

ALCOHOLISM FUNDS ARE BEING EXPENDED SUBSTANTIALLY FOR THE TREATMENT OF CHRONIC ALCOHOLISM WITH ONLY LIMITED FUNDS BEING USED FOR THE EARLY IDENTIFICATION AND PREVENTION OF ALCOHOLISM.

12

RECOMMENDATION

We recommend that the Office of Alcohol Program Management encourage counties, through fund allocations, to develop a full range of alcoholism treatment services with emphasis to funding early identification and to prevention of alcoholism.

15

BENEFITS

The implementation of this recommendation will result in undetermined cost savings to both the alcoholic and the state through eliminating loss of time on the job, reduced welfare dependency and reduced correctional and hospital institutionalization.

15

INTRODUCTION

In response to a legislative request, we have reviewed the funding of the state's alcoholism treatment programs for the 1973-74 fiscal year. During this review we contacted the state's program administrative personnel at the Department of Health and the Office of Alcohol Program Management in the Health and Welfare Agency. Our field work included a review of the alcoholism programs in three state hospitals and in the counties of Los Angeles, San Francisco, Santa Clara and San Joaquin. Some field work was done in Orange County.

For the purposes of this review, we have classified as alcoholism programs only those treatment services provided to alleviate alcohol addiction. Direct, identifiable alcoholism treatment program elements include:

- Medical and nonmedical detoxification
- Short and long term residential care
- Outpatient services
- Early case finding and prevention.

The medical treatment of the physical conditions caused by alcohol addiction such as related liver and ulcer ailments and chronic brain syndrome have not been included.

The funds in the alcoholism treatment programs are appropriated to the Department of Health which then allocates them to the counties and to state hospitals.

The Office of Alcohol Program Management (OAPM), in the Health and Welfare Agency, is responsible for the administration of the state and federal funds used for the prevention, treatment and rehabilitation programs related to alcohol abuse in California. Pursuant to Section 19901 of the Welfare and Institutions Code, OAPM is responsible for coordinating the activities of county alcoholism programs. The counties provide alcoholism services directly or through contractual arrangements.

The following schedule compares the current 1973-74 appropriation for alcoholism treatment with the proposed 1974-75 appropriation in the Governor's Budget.

	Current Budget <u>1973-74</u>	Proposed Budget <u>1974-75</u>
Federal Grants	\$ 2,585,411	\$ 2,490,900
State General Fund	<u>24,044,140</u>	<u>25,338,443</u>
	<u>\$26,629,551</u>	<u>\$27,829,343</u>

The following schedule shows the allocation by the Department of Health of state general fund appropriations for 1973-74 and 1974-75:

	<u>1973-74</u>	<u>1974-75</u>
Local Programs - Counties	\$15,187,262	\$16,190,022
State Hospitals	8,212,642	8,266,456
Office of Alcohol Program Management	<u>644,236</u>	<u>881,965</u>
	<u>\$24,044,140</u>	<u>\$25,338,443</u>

In October 1973, legislation was enacted (Stats. 1973, Ch. 1137) -- which declared alcoholism to be:

- "(a) The most serious drug problem in California; and
- (b) The cause of a great toll of death, permanent disability and property damage on our highways; and
- (c) Often the cause of job loss, absenteeism, reduced productivity and industrial accidents; and
- (d) A drain on law enforcement, the courts and prison systems; and
- (e) An important cause of marital dissolution and other domestic problems adversely affecting countless Californians, including many children; and
- (f) Harmful to health when consumed in excessive amounts with resultant effects on the liver, brain and muscles."

The legislation required each county to designate an alcoholism prevention and rehabilitation coordinator and to establish an Alcoholism Advisory Board.

In addition to the state general fund actual and proposed appropriations for fiscal years 1973-74 and 1974-75, the Legislature, pursuant to the above legislation, appropriated \$9 million to be used exclusively for development, support and expansion of alcoholism programs.

These funds which are available from January 1, 1974 through June 30, 1975 may not be used to replace existing or future state appropriations for alcoholism.

FINDINGSOF THE \$24 MILLION APPROPRIATED FOR THE ALCOHOLISM
TREATMENT PROGRAMS IN FISCAL YEAR 1973-74, IT IS
ESTIMATED THAT ONLY \$13 MILLION WILL BE EXPENDED
FOR SUCH PROGRAMS

The Budget Act appropriated to the Department of Health \$24 million general fund monies as a separate budget item for the alcoholism treatment programs during 1973-74. Such funds exclude all other costs associated with alcoholic addiction, such as Penal Code commitments and Department of Rehabilitation costs, which were not appropriated to the Department of Health as a separate budget item for alcoholism treatment programs.

The Department of Health combined funds provided by this appropriation with other funds appropriated by the Legislature for mental health services and then allocated these funds for various purposes.

The following schedule shows such state general fund alcoholism allocations and the estimated expenditures for fiscal year 1973-74:

	<u>Allocation</u>	<u>Estimated Expenditures</u>		
		<u>Direct Identifiable Alcoholism Treatment Program Costs</u>	<u>Mental Health Program Costs Alcohol Related</u>	<u>Nonalcohol Program Costs Related</u>
Local Program - Counties	\$15,187,262	\$ 8,900,000	\$1,400,000	\$ 4,887,262
State Hospitals	8,212,642	1,800,000	300,000	6,112,642
Office of Alcohol Program Management	<u>644,236</u>	<u>644,236</u>	<u>-</u>	<u>-</u>
Totals	<u>\$24,044,140</u>	<u>\$11,344,236</u>	<u>\$1,700,000</u>	<u>\$10,999,904</u>

Records were not available at the Department of Health to determine how much the counties were actually expending on alcoholism treatment programs. It was, therefore, necessary to identify these programs at the county level and to estimate the costs of these programs.

Alcoholics are being treated in both direct identifiable alcoholism treatment programs and in other related mental health programs. As the schedule shows, of the \$24 million appropriated for treatment of alcoholism in 1973-74, we estimate that only approximately \$13 million will be expended for alcohol-related programs. The balance or approximately \$11 million will be expended for nonalcohol-related mental health programs.

While we recognize the importance of the mental health program, the \$11 million estimated to be expended for mental health services was specifically appropriated by the Legislature for alcoholism treatment programs and, therefore, in our judgment, should be expended for alcoholism.

The Office of Alcohol Program Management (OAPM) in the Health and Welfare Agency was established in 1970 and consists of 48 employees. While OAPM has direct responsibility for the administration of alcoholism treatment programs, the monies appropriated by the Legislature for such programs have been appropriated to the Department of Health and not to OAPM.

We conclude that alcoholism treatment program monies should be appropriated directly to OAPM in order to strengthen the controls for ensuring that all such monies will be expended for alcohol-related purposes.

RECOMMENDATION

We recommend that all appropriations for alcoholism treatment programs be expended for the treatment of alcoholics and that these appropriations be made directly to the Office of Alcohol Program Management.

BENEFITS

The implementation of this recommendation will strengthen the controls for ensuring that all monies appropriated for alcoholism treatment programs will be expended for such programs.

DUE TO INADEQUATE REPORTING PROCEDURES, THE DEPARTMENT OF HEALTH DOES NOT KNOW HOW MUCH EACH COUNTY NEEDS OR IS SPENDING ON ALCOHOLISM TREATMENT PROGRAMS. THE 1973-74 ALCOHOLISM TREATMENT PROGRAM FUNDS WERE THEREFORE ALLOCATED TO COUNTIES ON A BASIS INCONSISTENT WITH SERVICES PROVIDED IN THE COUNTIES

The 1973-74 alcoholism treatment allocations to the counties by the Department of Health were based on prior year costs to treat individuals who were diagnosed as being alcoholics regardless of the ailments for which these patients were treated.

The amount of funds available for alcoholism treatment programs and the source of these funds varies among the counties. There is no relationship between the amount of state funds allocated to the counties and the amount which the counties spend to treat alcoholism. The following schedule shows estimated expenditures and variations in sources of funding in 1973-74 for alcoholism treatment programs in the counties reviewed.

	Estimated Total Expenditures On Alcoholism Treatment	County Funds	*State Funds	Other Sources
Los Angeles	\$ 8,940,000	\$3,825,000	\$3,460,000	\$1,655,000
San Francisco	3,360,000	700,000	1,315,000	1,345,000
Santa Clara	4,220,000	1,700,000	440,000	2,080,000
San Joaquin	<u>1,580,000</u>	<u>1,260,000</u>	<u>130,000</u>	<u>190,000</u>
TOTAL	<u>\$18,100,000</u>	<u>\$7,485,000</u>	<u>\$5,345,000</u>	<u>\$5,270,000</u>

*This is a portion of the 1973-74 General Fund appropriation of which \$15,187,262 was allocated directly to the counties.

Only 19 counties have established identifiable alcohol treatment programs funded by the state. Even among these counties, only a portion of the funds available are used for these alcohol treatment programs. The remainder of the funds partially support mental health centers where a range of mental illnesses, including alcoholism, are treated. The resources of these centers, which are devoted to the treatment of alcoholics are limited because:

- Many alcoholics do not consider their drinking problem a mental illness and are reluctant to visit mental health facilities.
- Staff in the mental health facilities would much rather treat other patients because alcoholics are difficult to treat, normally miss many appointments, and have a very low recovery success rate.

The Office of Alcohol Program Management in the Health and Welfare Agency is currently conducting reviews of the alcoholism treatment services available within each county. The reports which have been prepared to date as a result of these reviews have not identified or evaluated the costs of the services provided. However, the director of the Office of Alcohol Program Management stated that as of July 1, 1974 there will be a reporting procedure which will identify and evaluate the costs and the services provided.

In our judgment, the current reporting procedures do not provide the necessary information to identify the needs for alcohol treatment programs and assure that state funds are allocated on a basis consistent with the services provided in the counties.

RECOMMENDATION

We recommend that the Office of Alcohol Program Management, in conjunction with the counties, develop and implement reporting procedures which will identify actual alcoholism treatment programs and services, the need for these programs, and their costs.

BENEFITS

The implementation of this recommendation will provide a sound basis for allocating the funds to alcohol programs and will provide a basis for identifying and measuring the success of the program.

ALCOHOLISM FUNDS ARE BEING EXPENDED
SUBSTANTIALLY FOR THE TREATMENT OF
CHRONIC ALCOHOLISM WITH ONLY LIMITED
FUNDS BEING USED FOR THE EARLY IDENTI-
FICATION AND PREVENTION OF ALCOHOLISM

Treatment programs for alcoholism in the four counties visited are focused on the chronic inebriate population. The chronic inebriate is the most visible and the most physically and mentally deteriorated victim of alcoholism. They typically are unemployable and require prolonged rehabilitation programs before they can become self-sufficient. The recovery success rate for the chronic alcoholic is very low. State and county alcoholism program officials estimate that the chronic alcoholic represents only five percent of the total alcoholic population.

It is estimated that of the \$18.1 million of state, county and other monies to be expended in Los Angeles, San Francisco, Santa Clara and San Joaquin counties for alcoholism treatment programs in 1973-74, approximately \$16.9 million will be expended for the treatment of chronic alcoholism and only \$1.2 million for the early identification and prevention of alcoholism.

The full range of facilities and services available to alcoholism treatment programs include:

- Detoxification Centers - Medical detoxification is generally provided to the acutely ill alcoholic. This form of treatment is usually provided in a county general hospital and requires the services of physicians, registered nurses and support personnel trained and experienced in the treatment of alcoholism. Nonmedical detoxification may be provided to

subacute and ambulatory patients and may be performed by nonmedical staff in a nonmedical setting.

Nonmedical detoxification is being used more frequently in some of the counties that we visited and may result in substantial cost savings to the counties.

- Residential Facilities - Residential facilities, such as convalescent hospitals, rehabilitation centers, halfway houses and recovery homes are used to provide both long and short-term recovery for the alcoholic patient. Treatment staff includes professional and paraprofessionals, as needed. Treatment emphasizes group and physical therapy, family counseling and vocational rehabilitation.
- Outpatient Services - The four counties of Los Angeles, San Francisco, San Joaquin and Santa Clara reviewed offered a wide range of outpatient services. These services include:
 - Case intake
 - Drop-in social centers
 - Crisis intervention
 - Vocational counseling
 - Individual psychotherapy and sociotherapy
 - Group therapy
 - Referral services to appropriate private or public agencies
 - Community information-education programs
 - Classes for drunk drivers.

This range of alcoholism treatment programs is not available in each county. Many patients drop out of the program after detoxification only to be readmitted and repeat the same process again and again.

Most of the funds for alcoholism services are being used for the treatment of chronic alcoholism. Although the need to treat the chronic alcoholic continues, there is a greater need to provide a full range of alcoholism services to preserve family units and to keep the alcoholic employed and, therefore, provide a basis for a higher return on investments in alcoholism programs.

For example, in Orange County the alcoholism services program strongly emphasizes early identification and prevention of drinking problems. Concentrated services are directed to consultation activities involving liaison with industry, the criminal justice system and other large segments of the community. An estimated 85 percent of the persons in the Orange County alcoholism program have a job and live in their own homes. This is not typical of the population usually treated in alcoholism programs and should assist in preventing these patients from becoming chronic alcoholics. Treatment programs primarily consist of evening therapy sessions that will not interfere with the client's job.

We conclude that greater benefits from alcoholism programs can be obtained from increased expenditures on early identification of alcoholics and the prevention of alcoholism.

RECOMMENDATION

We recommend that the Office of Alcohol Program Management encourage counties, through fund allocations, to develop a full range of alcoholism treatment services with emphasis to funding early identification and to prevention of alcoholism.

BENEFITS

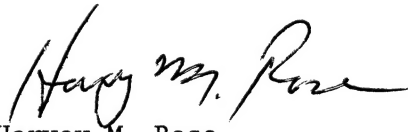
The implementation of this recommendation will result in undetermined cost savings to both the alcoholic and the state through eliminating loss of time on the job, reduced welfare dependency and reduced correctional and hospital institutionalization.

SUMMARY OF COMMENTS OF DIRECTOR
OF DEPARTMENT OF HEALTH AND THE
DIRECTOR OF THE OFFICE OF ALCOHOL
PROGRAM MANAGEMENT

1. The \$24 million appropriated in fiscal year 1973-74 to the Department of Health for alcoholism treatment programs was based on a very rough estimate since it was not clear at the time of the 1973-74 budget submission as to precisely how much funds would be necessary for these programs.
2. While all of the \$24 million 1973-74 appropriation for alcoholism treatment programs may not have been expended for pure alcoholism purposes, the entire appropriation will be expended for alcoholism-related purposes.

3. The statement on Page 6 of our report that "The Department of Health combined funds provided by this (\$24 million) appropriation with other funds appropriated by the Legislature for mental health services and then allocated these funds for various purposes." is misleading. A correct statement would be that the Department of Health utilized the existing Short-Doyle mechanism to administer the funds.

4. The director of the Office of Alcohol Program Management concurs in part with our first recommendation that all direct identifiable alcoholism treatment program appropriations be made directly to the Office of Alcohol Program Management. The director of the Department of Health disagrees with this recommendation.


Harvey M. Rose
Auditor General

May 9, 1974

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